

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554**

In the Matter of	)	
	)	
Connect America Fund	)	WC Docket No. 10-90
	)	
A National Broadband Plan for Our Future	)	GN Docket No. 09-51
	)	
Establishing Just and Reasonable Rates for Local Exchange Carriers	)	WC Docket No. 07-135
	)	
High-Cost Universal Service Support	)	WC Docket No. 05-337
	)	
Developing a Unified Intercarrier Compensation Regime	)	CC Docket No. 01-92
	)	
Federal-State Joint Board on Universal Service	)	CC Docket No. 96-45
	)	
Lifeline and Link-Up	)	WC Docket No. 03-109
	)	
Universal Service Reform—Mobility Fund	)	WT Docket No. 10-208

**COMMENTS OF FRONTIER COMMUNICATIONS CORPORATION ON VERIZON’S  
PETITION FOR LIMITED WAIVER**

**I. INTRODUCTION**

Frontier Communications Corporation (“Frontier”) hereby submits the following comments in response to Verizon’s Petition for Limited Waiver<sup>1</sup> of call signaling rules as established in the above-captioned proceeding.<sup>2</sup> The Federal Communications Commission (“Commission”)

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<sup>1</sup>Verizon, Petition for Limited Waiver, WC Dkt. Nos. 10-90, 07-135, 05-337, 03-109; GN Dkt. No. 09-51; CC Dkt. Nos. 01-92, 96-45, WT Dkt. No. 10-208 (filed Feb. 10, 2012) (“*Petition*”).

<sup>2</sup> *In re*: Connect America Fund; A National Broadband Plan for Our Future; Establishing Just and Reasonable Rates for Local Exchange Carriers; High-Cost Universal Service Support; Developing a Unified Intercarrier Compensation Regime; Federal-State Joint Board on Universal Service; Lifeline and Link-Up; Universal Service Reform—Mobility Fund, WC Dkt. Nos. 10-90, 07-135, 05-337, 03-109; GN Dkt. No. 09-51; CC Dkt. Nos. 01-92, 96-45, WT Dkt. No. 10-208, *Report and Order and Further Notice of Proposed Rulemaking*, FCC 11-161 (rel. Nov. 18, 2011) (“*Report & Order*”).

established the call signaling rules from which Verizon seeks waiver in an effort to curb “phantom traffic” abuses by “clos[ing] loopholes that are being used to manipulate the intercarrier compensation system.”<sup>3</sup> Frontier has been an active proponent of strict rules to curb phantom traffic given the high percentage of phantom traffic that has come through on the network.<sup>4</sup> While other carriers have filed petitions for waiver of certain call signaling rules,<sup>5</sup> Verizon’s requests for waiver are the most sweeping and, if granted, would create broad exceptions that have the potential to negate the intent of the Commission’s rules.

Verizon’s arguments for seeking waiver are often nothing more than an objection to the unspecified costs of compliance, costs that Verizon has avoided for years while the FCC considered its phantom traffic regulations. In fact, portions of the Petition are more appropriate as petitions for reconsideration of the Commission’s rules instead of limited, specific waiver requests.<sup>6</sup> In order to avoid creating such loopholes, Frontier submits that the Commission should deny the *Petition*’s requests for waiver of rules related to certain SS7 network elements and originating/intermediate carrier IP traffic exchanges and demand further clarification before deciding upon the request related to Multi-Frequency (“MF”) signaling.

## **II. VERIZON FAILS TO PROVIDE GOOD CAUSE FOR WAIVER OF THE CHARGE NUMBER RULES WHEN USED WITH SS7 TECHNOLOGY**

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<sup>3</sup> *Report & Order* at ¶ 702. Phantom traffic “refers to traffic that terminating networks receive that lacks certain identifying information.” *Id.* at ¶ 703.

<sup>4</sup> See Frontier Section XV Comments, WC Dkt. Nos. 10-90, 07-135, 05-337, 03-109; GN Dkt. No. 09-51; CC Dkt. Nos. 01-92, 96-45, WT Dkt. No. 10-208, at 10-11 (filed Apr. 1, 2011) (noting Frontier’s estimate that 5-8% of the traffic it receives is phantom traffic, accounting for millions of dollars in lost revenue).

<sup>5</sup> See CenturyLink, Inc., Petition for Limited Waiver, WC Dkt. Nos. 10-90, 07-135, 05-337, 03-109; GN Dkt. No. 09-51; CC Dkt. Nos. 01-92, 96-45, WT Dkt. No. 10-208 (filed Jan. 23, 2012); AT&T Inc., Petition for Limited Waiver, WC Dkt. Nos. 10-90, 07-135, 05-337, 03-109; GN Dkt. No. 09-51; CC Dkt. Nos. 01-92, 96-45, WT Dkt. No. 10-208 (filed Dec. 29, 2011).

<sup>6</sup> We note that Verizon has filed a Petition for Reconsideration of these issues, which Frontier also opposes. See Petition for Clarification or, In the Alternative, for Reconsideration of Verizon, WC Docket Nos. 10-90, 07-135, 05-337, 03-109, GN Docket No. 09-51, CC Docket Nos. 01-92, 96-45, WT Docket No. 10-208 (filed Dec. 29, 2011); Opposition to Petitions for Reconsideration of Frontier Communications, WC Docket Nos. 10-90, 07-135, 05-337, 03-109, GN Docket No. 09-51, CC Docket Nos. 01-92, 96-45, WT Docket No. 10-208 (filed Feb. 9, 2012).

Verizon fails to provide good cause for waiver as required under the Commission’s rules;<sup>7</sup> therefore the Commission should deny Verizon’s petition for waiver of the requirement to “originate and pass the [charge number] (“CN”) (if different from CPN) in accordance with the phantom traffic rules for Non-EA traffic that must either be upgraded/modified or replaced in order to comply with the new rules.”<sup>8</sup> Verizon’s request undermines the Commission’s policy goals in implementing phantom traffic rules. The Commission noted that its new call signaling rules are designed to “assist service providers in accurately identifying and billing for traffic terminating on their networks, and help to guard against further arbitrage practices.”<sup>9</sup> Verizon, in seeking to demonstrate good cause for waiver, turns this argument on its head. Verizon claims that its own “significant financial and operational burdens to fully implement the new rules” overshadows “the relatively small benefit terminating carriers may obtain from receiving CN for all Non-EA calls.”<sup>10</sup> This argument is a complete reversal of the Commission’s policy goals of assisting terminating carriers that have long been burdened by incomplete call signaling, which has in turn prevented proper billing. The Commission cannot allow this unsupported assertion of burdens to qualify as “good cause” sufficient to grant a waiver.

As an initial matter, Verizon does not quantify the scope of its traffic at issue, which makes it impossible to assess the actual impact on terminating providers—and accordingly what the benefit (or harm) could potentially be from granting such a waiver. Verizon states that for the majority of traffic at issue (though still undefined), compliance is feasible but “significant software upgrades and modifications would be necessary”<sup>11</sup> to implement the rules, while

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<sup>7</sup> 47 C.F.R. § 1.3 (2012).

<sup>8</sup> *Petition* at 5.

<sup>9</sup> *Report & Order* at ¶ 705.

<sup>10</sup> *Petition* at 6.

<sup>11</sup> *Id.* at 4-5.

singling out a smaller subset of this traffic for which compliance would not be feasible to due technological difficulties. By doing so, Verizon admits that for a large majority of such traffic, compliance is possible but simply that it would be an “unexpected investment of capital and resources” that Verizon does not want to undertake. The Commission contemplated rules granting exceptions for cases where compliance with call signaling rules was either “technically infeasible” or “at contrast with industry standards” and declined to do both.<sup>12</sup> The text of the Order does not mention the cost of upgrade as a valid reason for waiver request. Verizon estimates that the cost of compliance would run “into the millions of dollars,” but this estimate fails to provide the appropriate backdrop both of the size of Verizon (over \$41 *billion* in annual revenues for its wireline component alone)<sup>13</sup> and the effect on terminating carriers’ revenues that could result from not including the appropriate call signaling information.

Verizon also asserts that “[g]rant of the limited waiver will serve the public interest by, at a minimum, affording Verizon additional time to work with equipment vendors on potentially developing more cost effective solutions . . . .”<sup>14</sup> Verizon essentially requests extra time in order to stall implementation. The *Petition* makes clear that Verizon disagrees with the premise of the rules because of the transition to bill and keep will moot the need for the rules in the long run.<sup>15</sup> By requesting an indefinite amount of time to develop these “solutions,” much of the timeframe in which the call signaling rules will be in effect will also lapse, ultimately depriving the terminating carrier of the proper signaling information required for accurate jurisdictional billing. The Commission should not grant such a waiver that allows for limitless delay until the purpose of the rules is moot.

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<sup>12</sup> *Report & Order* at ¶¶ 721-23.

<sup>13</sup> Verizon, 2012 Annual Report (Form 10-K), at 2 (Feb. 24, 2012) (“*Verizon Annual Report*”).

<sup>14</sup> *Petition* at 5.

<sup>15</sup> *Id.* at 2.

### **III. GRANTING VERIZON’S WAIVER REQUEST FOR VOIP TRAFFIC WOULD RENDER THE COMMISSION’S CALL SIGNALING RULES MEANINGLESS**

Verizon’s request for waiver of the rules “where it operates as either a VoIP originator or intermediate IP carrier in circumstances where the Verizon systems do not send/pass IP signaling information” is particularly galling and must be rejected. Verizon tries to reargue its points with respect to the merit of including IP signaling rules--points that the Commission has already considered and rejected. The waiver Verizon seeks is extremely broad and has the potential to include a large class of traffic. If Verizon’s request were granted then the Commission’s fears that “exceptions would the potential to undermine the rules”<sup>16</sup> would surely come to fruition.

Verizon acknowledges that it “provides a variety of VoIP services to residential customers, businesses, and other VoIP providers and wholesalers” but argues that “there are instances where it is not possible for Verizon, particularly when acting as the intermediate carrier of certain VoIP traffic that connects with the PSTN, to pass CPN or CN (if different) in unaltered format.”<sup>17</sup> It is impossible for Frontier to determine just how broad this request is, but surely this request would exempt an extremely large proportion of Verizon’s traffic from compliance with the Commission’s rules.

First, the *Petition* does not specify the amount of traffic that would qualify under an IP-exemption, but Verizon’s own financial releases state that it is continually “migrating from traditional TDM-based voice switching to VoIP.”<sup>18</sup> It is clear Verizon would have an incentive to have as much traffic as possible excluded from call signaling regulation. Second, Verizon merely cites to its own arguments, and the arguments of others, which the Commission already

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<sup>16</sup> *Report & Order* at ¶ 723.

<sup>17</sup> *Petition* at 8.

<sup>18</sup> *Verizon Annual Report* at 11.

considered in establishing its IP call signaling rules.<sup>19</sup> The Commission explicitly rejected this type of exclusion, reasoning that “[f]ailure to include interconnected VoIP traffic in our signaling rules would create a large and growing loophole as the number of interconnected VoIP lines in service continues to grow.”<sup>20</sup> Verizon is inappropriately presenting a request for reconsideration in the guise of a waiver filing.

Finally, Verizon once again argues that compliance will increase Verizon’s costs “with no corresponding benefit.”<sup>21</sup> Given the amount of traffic Frontier receives as spoofed or phantom traffic overall, Verizon is wrong in its assessment of the benefits of the Commission’s signaling rules, especially should similar waiver be granted to multiple providers. The entire purpose of the Commission’s call signaling rules is to benefit the terminating carrier that has been improperly deprived of revenues because of incorrect billing information. The Commission should reject Verizon’s sweeping request for waiver of the IP-signaling rules.

#### **IV. VERIZON MUST PRESENT EVIDENCE OF THE SCOPE OF ITS MF TRAFFIC BEFORE BEING GRANTED WAIVER OF THE RULES**

Frontier cannot support Verizon’s request for limited waiver of the rule requiring providers “to pass CPN/CN in accordance with the new MF signaling requirement for all PSTN-bound voice traffic traversing MF trunks.”<sup>22</sup> Frontier acknowledges the technical limitations of the MF signaling but is concerned that Verizon does not identify the amount of its traffic that uses MF signaling. Indeed Verizon itself “is still evaluating the potential scope and cost of [replacing MF signaling],”<sup>23</sup> and makes no effort to quantify the amount of its traffic that would be implicated

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<sup>19</sup>*Petition* at n.15.

<sup>20</sup>*Report & Order* at ¶ 717.

<sup>21</sup>*Petition* at 8.

<sup>22</sup>*Id.* at 6.

<sup>23</sup>*Id.* at 7.

by such a waiver. Therefore, before the Commission considers Verizon's waiver request, Verizon must identify its percentage of MF traffic.

Given Verizon's size and the amount of traffic it produces, the Commission should require Verizon to specify exactly what percentage of traffic terminations use MF signaling. A large amount of such traffic could create a loophole that would remove enormous volumes of traffic from compliance with the Commission's phantom traffic rules. The Commission should not evaluate Verizon's request for waiver of MF signaling rules until Verizon makes such a showing.

## **V. CONCLUSION**

For the foregoing reasons Frontier respectfully requests the Commission to deny Verizon's *Petition* in part and request more information prior to consideration.

Respectfully submitted,

**Frontier Communications Corporation**

By:

/s/

Michael D. Saperstein, Jr.  
Director of Federal Regulatory Affairs  
Frontier Communications Corporation  
2300 N St. NW, Suite 710  
Washington, DC 20037  
Telephone: (202) 223-6807

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